

REMARKS

Reconsideration and allowance are respectfully requested.

Claims 1, 8, and 10-11 stand rejected under 35 U.S.C. §112, second paragraph.

The “and/or” language is removed. Withdrawal of this rejection is requested.

Claims 1, 3-6, 8, and 10-14 stand rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter. The Examiner indicates that hardware should be introduced to the body of the claim. Accordingly, claim 1, which recited a computerized CSD system, now also recites in the body of the claim a memory and a computer. Method claim 8 is linked to a computerized CSD and recites several steps that are performed using a computer. Withdrawal of this rejection is requested. (If there is specific language the Examiner is looking for, the Examiner is requested to contact the undersigned by telephone to discuss.)

The claims stand rejected under 35 U.S.C. §103 as allegedly being unpatentable based on Lea and Althoff or Lea, Althoff, and Indevall. These rejections are respectfully traversed.

The claims are directed to organizing financial instruments in a Centralized Securities Depository (CSD)-system in a hierarchical multi-level structure. A CSD-system, as explained on page 1 of the instant application, is a single place or organization—either physical or virtual—that stores a variety of different financial instruments for the benefit of those using the CSD system like issuers of financial instruments, investors, and CSD operators. A CSD system performs a variety of functions examples of which include safekeeping of securities, supporting deposit and

withdrawal, dividend, interest, and principal processing, etc. Securities are stored in a CSD and cash in a bank.

The financial instruments in the computerized CSD are defined by assigning them attributes. In the hierarchical multi-level structure, a link is created between a template on a higher level in the hierarchy and an instrument on a lower level in the hierarchy. The link means that all of the attributes in the template on the higher level are also included in the linked instrument on the lower level. As a result, any amendment to an attribute in a higher level template also amends the same attribute in one or more lower level instruments linked to the higher level instrument. In this way, a large number of instruments in a CSD may be easily updated simply by amending the highest level common to the instruments which are to be amended. This computerized CSD using this hierarchical inheritance structure also allows the CSD to be used when creating new instrument objects as well as making changes to templates or instruments.

The structure and inheritance function thus facilitate the creation of instrument objects from which tradable instruments can be derived. Consider the example is when a CSD operator faces the task of creating a new instrument object. One such instrument object can have up to 100 or more attributes depending on the complexity of the instrument. Creating such an instrument object is very risky because the operator can make mistakes; furthermore, it is a time consuming process. In contrast, the CSD operator may use the claimed computer and data structure to create and provide instruments to the market much faster and with a lower risk of making mistakes in the instrument design.

The independent claims distinguish between templates that cannot be traded and financial instruments that ultimately can be traded. A template is used to create a real tradable instrument. As recited in dependent claims, instruments lower in the hierarchy may also be amended or created using existing instruments at a higher level in the hierarchy.

In contrast to what is claimed, the primary and newly applied reference to Lea describes a method for evaluating credit exposure of a portfolio. It is not a computerized CSD. A deal object function (a hyper-dimensional surface or parabolic manifold—see paragraph [0020]) is created for operating on deal objects created by selecting template representations from a store of financial instrument templates. Each deal object represents an instrument and how the value of the instrument is related to underlying market variables. Risk factor models and the deal objects are used by the deal functions and the parabolic manifold to value the portfolio risk.

Contrary to the Examiner's contention, the deal objects are not financial instruments that can be traded. Paragraph [0021] indicates that the deal objects establish deal valuation functions and to select and populate a template. Paragraph [0022] states that each deal object identifies risk factor models. Paragraph [0023] describes that each deal object value the deal in relation to risk.

Nor does Lea teach a hierarchical multi-level structure. Lea also lacks a teaching of common attributes for financial instrument templates on a higher level and financial instruments on a lower level of the hierarchical multi-level structure or the claimed linking.

Althoff is directed to an integrated relational/objected-oriented database and to a system/method for easily querying a multidimensional database using meta-data describing each dimension as a hierarchy. In other words, Althoff wants to structure data so that it will be easy to search for specific objects in multiple dimensions. The Examiner combines Lea and Althoff to come up with a better database searching tool. But that is irrelevant to what is being claimed.

Althoff is not directed to the financial area. Indeed, neither Lea nor Althoff teaches a computerized-CSD. These facts are not insignificant and cannot be dismissed by the Examiner because they support the improper hindsight basis of the rejection.

In contrast to Althoff's data structure that is easy to search for specific objects in multiple dimensions, the claimed multi-level hierarchic structure permits easy creation and amendment of financial instruments from financial instruments templates in a CSD. Even with Lea and Althoff combined, this is not disclosed or suggested.

Accordingly, there is simply no reason for a person with ordinary skill in the art to modify Althoff with Dembo and Geer as the Examiner proposes. Accordingly, the rejection of claims 1 and 8 is improper and should be withdrawn.

In addition, Applicant disagrees with the rejection of many of the dependent claims. For example, the features of claim 3 are not disclosed in Althoff because the cited passage in Althoff fails to teach that a change in an upper level results in a corresponding change in a lower level. Althoff is concerned with finding data in a database not with storing and managing financial instruments in a CSD-system. In col. 2, lines 59-61 of Althoff, the subclasses automatically inherit the linked reference to the

consolidated data. The data in Althoff is consolidated to provide the user with the ability to analyze data in a multi-dimensional format. See, e.g., col. 4, lines 50-67. So an amendment in Althoff would not result in a changed subclass since the link is for searching purposes. There is no teaching in either Althoff or Lea that a change to a financial instrument attribute or template attribute causes the same attribute change in other financial instruments or templates linked thereto.

For claims 5, 8, and 10-14, the Examiner includes a third reference to Indevall. The document relates to a CSD but gives no details about how it is implemented technically. There is no mention that the Indevall CSD is computerized. Page one describes safekeeping of instruments, but there is no teaching (contrary to the Examiner's position), that Indeval "shows that the financial instruments used from said second level and downwards in the hierarchy are financial instruments." Where is the claimed hierarchic multi-level structure in Indevall?

Nor does it make sense to combine Lea or Althoff with Indevall's CSD. Lea is a portfolio risk assessment system. Althoff is a database searching tool. It makes no sense to use the custodial services of Indevall's CSD to assess portfolio risk or to do a database search that is not even related to financial instruments.

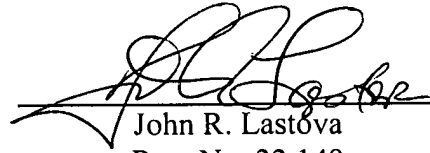
The application is in condition for allowance. An early notice to that effect is requested.

ERIKSSON
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Respectfully submitted,

NIXON & VANDERHYE P.C.

By:


John R. Lastova
Reg. No. 33,149

JRL:maa
901 North Glebe Road, 11th Floor
Arlington, VA 22203-1808
Telephone: (703) 816-4000
Facsimile: (703) 816-4100